

VZCZCXYZ0022  
PP RUEHWEB

DE RUEHLGB #0534/01 2201417  
ZNR UUUUU ZZH  
P 071417Z AUG 08  
FM AMEMBASSY KIGALI  
TO RUEHC/SECSTATE WASHDC PRIORITY 5518  
INFO RUEHBS/AMEMBASSY BRUSSELS 0274  
RUEHJB/AMEMBASSY BUJUMBURA 0369  
RUEHDR/AMEMBASSY DAR ES SALAAM 1184  
RUEHSB/AMEMBASSY HARARE 0298  
RUEHKM/AMEMBASSY KAMPALA 1953  
RUEHKI/AMEMBASSY KINSHASA 0504  
RUEHLO/AMEMBASSY LONDON 0284  
RUEHNR/AMEMBASSY NAIROBI 1282  
RUEHFR/AMEMBASSY PARIS 0545

UNCLAS KIGALI 000534

SENSITIVE  
SIPDIS

E.O. 12958: N/A

TAGS: [BEXP](#) [BTIO](#) [ECON](#) [EFIN](#) [EINV](#) [ETRD](#) [PGOV](#) [RW](#)  
SUBJECT: NEIGHBORHOODS FLATTENED TO MAKE WAY FOR URBAN  
DEVELOPMENT

1.(U) Summary: In implementing its vision of a modern Kigali, the city government has begun demolishing poor neighborhoods in Kigali city center. Evicted residents complain they are being treated poorly, and unfairly compensated for their expropriated properties. While the city is offering evicted residents new housing options, the distance, the cost of the housing and lack of employment opportunities in the new location make relocation unattractive for many of the displaced residents. End summary.

¶2. (U) On Sunday morning July 20, bulldozers began demolishing homes in "Kiyovu Pauvre" (Poor Kiyovu). The warren of mud brick houses and shops lying adjacent to posh "Kiyovu Riche" (home to foreign embassies, up-scale homes and many of Kigali's better restaurants), was targeted as prime real estate in Kigali's urban development plan. Many of the 64 families evicted from the area complained that they were not given ample time to relocate and were not adequately compensated by the developer (government-owned Rwanda Social Security Fund - RSSF) for their property. The Kigali City Council advised residents last year of the intended expropriations, but updated legislation governing property valuation is still pending in Parliament. Local residents claim RSSF offered compensation based on old laws which consider replacement cost of the structures rather than the market value of the property.

¶3. (U) The RSSF plans to install basic infrastructure and construct commercial buildings on the site which will then be sold to private investors. As part of the planned urban development, the RSSF and the City of Kigali agreed to provide alternative housing to evicted residents in the Batsinda housing development on the outskirts of Kigali. However, residents claim that the cost of the new housing exceeds the compensation offered by the RSSF for the destroyed homes, thus obliging displaced residents to assume a mortgage, which many cannot afford.

¶4. (U) Embassy local staff who live near the site noted that members of the community with larger homes (about 10-15 percent) were particularly upset with the amount of compensation offered by the RSSF. Their counter-offer based on market valuation was rejected by the RSSF as being too expensive. Residents appealed to the Land Commission in the Ministry of Land and Natural Resources but, before the Ministry could investigate, the City ordered the destruction of the homes, residents allege. The draconian action by the City Council provoked outrage among the displaced residents and even drew criticism from the normally pro-government New Times and FOCUS newspapers.

## You Can't Make an Omelet Without Breaking Eggs

---

¶5. (U) Kigali Mayor Aisha Kirabo Kakira asserted to the press that the demolished homes were dilapidated and lacked basic sanitation facilities, running water and electricity. While acknowledging that the process was painful, she claimed that the City advised residents a year ago about the impending evictions and stated "it was a positive change and should be welcomed." The mayor stressed evicted families were not left out in the cold and were given the option of relocating to the Batsinda housing development.  
Qthe Batsinda housing development.

## Build It and They Will Come

---

¶6. (U) The Batsinda housing development is a pilot project undertaken by the RSSF, Kigali City and the Military Engineer Regiment to provide affordable housing to low-income residents evicted from expropriated land in Kigali. As of the end of July 2008, an initial 250 units were completed, with an additional 1000 units in various stages of construction. The development is located on the outskirts of Kigali, approximately 5 miles from the city center via a dirt road. Each house has a living space of 200 square feet including a kitchen, bathroom and two small bedrooms (which critics assert are too small for larger Rwandan families).

¶7. (U) Although small, the units are well-constructed

(compared to the demolished homes) with hydro-foam block and corrugated steel roofs on a cement slab foundation. Amenities include a cistern fed by rainwater and a septic tank/biogas digester that provides biogas cooking fuel. Electricity is provided through the electrical utility company. Alternatively, residents are offered the option of purchasing a solar panel subsidized by the City of Kigali that would power several lamps for up to 5 hours.

¶8. (U) At \$7,000 per unit, the cost of the new housing is substantially higher than the average of \$600 in compensation offered for the expropriated properties in Kiyovu, and a fortune for most residents of Kigali Pauvre, who make less than \$1 per day. Rusura Ephaim who is managing the Batsinda development, told emboffs that the RSSF would provide residents with low cost loans to purchase the properties but admitted that the loan terms were still being negotiated and he did not know how much they would have to pay in monthly mortgage for their new homes. Ephaim also agreed the lack of nearby services, transportation and employment were a major concerns. Only ten percent of the new residents have jobs and the site lacks such infrastructure as shops, schools and medical clinics, he acknowledged.

¶9. (U) The issue of property valuation is a major impediment to urban development in Rwanda. Property titles are virtually nonexistent, there are only a handful of qualified real estate appraisers and legislation governing property valuation (drafted with the assistance of USAID) has yet to be signed into law. A number of developers such as Stippag have suspended property development projects due to the uncertainty of land ownership, the high cost of construction materials (the cost of cement doubled within one year) and inflated property costs arising from speculation.

## The Road to Batsinda is Paved with Good Intentions

---

¶10. (U) Comment: The GOR and City of Kigali have good reasons to quickly implement urban development projects. Kigali is one of the fastest growing cities in the world and the problems it faces today from urban growth will be tenfold in a few years' time. The low cost housing project in Batsinda

is in many ways a commendable effort to offer affordable housing options to Kigali's displaced poor. However, in its haste to implement these projects the GOR is running roughshod over the legitimate concerns of expropriated property owners and ignoring real hardships faced by displaced residents. As the country seeks to modernize its capital city, the increasing divide between rich and poor will become more evident as low-income families are forced further from the city center and its economic opportunities.

End comment.

SIM